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September 1, 2011

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VIA ECFS

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: Notice of Ex Parte Presentation
WC Docket No. 10-90
GN Docket No. 09-51
WC Docket No. 07-135
WC Docket No. 05-337
CC Docket No. 01-92
CC Docket No. 96-45

Dear Ms. Dortch:

This notice is submitted in compliance with Section 1.1206(b) of the Commission's rules.

On August 30, 2011, Rich Coit and Greg Dean of the South Dakota Telecommunications Association, Mark Shlanta of SDN Communications, Dennis Law and Gregg Oleson of Golden West Telecommunications Cooperative, Rod Bowar of Kennebec Telephone Company, Bryan Roth of TrioTel Communications, Inc., Randy Houdek of Venture Communications Cooperative, and Mark Benton of Midstate Communications met with Commissioner Robert McDowell and Christine Kurth of Commissioner McDowell's staff to discuss broadband applications and the impact of intercarrier compensation and universal service reform in the state of South Dakota. Senator John Thune and Jason Van Beek, James Long, Ryan Nelson, and Jessica Yearous of Senator Thune's staff, and Brian Rounds and Chris Daugaard of the South Dakota Public Utilities Commission were also present.

SDTA and SDN discussed the information contained in the attached presentations. In addition, the attendees commented on the widespread availability of broadband services in the areas served by rural incumbent local exchange carriers in South Dakota; the tremendous amount

of investment made in broadband networks by the carriers; and the need for continued USF programs to support the broadband investments already made by the carriers and planned by the carriers and the ongoing operations of the carriers. SDTA also discussed its support for the Joint Rural Association Plan, as modified by the Consensus Framework.

If you have any questions regarding this matter, please do not hesitate to contact the undersigned.

Respectfully submitted,

/s/ Mary J. Sisak

Mary J. Sisak

cc: Commissioner Robert McDowell
Christine Kurth

USF and ICC Reform
The SDTA Perspective

South Dakota Telecommunications Association
Who are we?

- 25 incumbent local exchange carriers
  - 12 member-owner cooperatives
  - 5 cooperative owned companies
  - 4 privately-owned companies
  - 3 municipal companies
  - 1 tribal authority

South Dakota Telecommunications Association
Who are we?

- Our members collectively:
  - **serve appr. 80% of South Dakota (service areas cover more than 62,000 square miles)**
  - serve appr. 135,000 access lines
  - own more than 21,000 miles of buried fiber optic line
  - **supply broadband service to more than 250 communities (most with populations of less than 1,000)**
  - offer digital video to more than 80 communities
  - provide wireless broadband in select areas

South Dakota Telecommunications Association
Who are we?

- **Mostly serve small towns and rural areas**
  - **Largest communities we serve are:**
    - Brookings (pop. 18,504)
    - Brandon (pop. 5,693)
    - Hot Springs (pop. 4,129)
- **Population density of areas served by SDTA member: approx. 3 people/sq. mile**
  - 11 counties have less than 2 people/sq. mile
- **West River Telecom, Bison, SD - Service area of 6,209 square miles (28% larger than state of Connecticut)**
  - 3,687 access lines
  - 0.59 lines per square mile

SDTA Member Company Information

- SD rural ILECs have deployed extensive broadband network facilities throughout their service areas – almost 100% of customers within such service areas have broadband Internet access
- A variety of broadband delivery technologies have been deployed: DSL, Fiber-Coax cable modem technologies, FTTH, terrestrial fixed wireless technologies
- Successes have been achieved based on long-term commitments to network investment – approx.. $133 million in 2008 and 2009, and estimated amount of $92 million in 2010 and 2011

SDTA Member Company Information

- As of year-end 2009, the Total Plant in Service (including plant attributable to both regulated and non-regulated service operations) for the SD rural ILECs exceeded $1.14 billion
- The long term debt as of year-end 2009, included approx.. $269 million in RUS federal financed bank loans and approx.. $70 million in other bank loans
- Almost all of the rural ILECs in South Dakota are locally owned and based within the rural communities they serve

SDTA Member Company Information

- SDTA member companies and their affiliated entities employ in excess of 1,200 workers in South Dakota
- Many of the SDTA member companies are owners and members of the SDN Communications statewide backbone telecommunications network

SDTA Member Company Information

- As owners and members of SDN, the companies provide high-speed backbone and last mile connectivity to hundreds of businesses and community anchor institutions throughout South Dakota (state and county government offices, law enforcement agencies, state radio towers, K-12 educational institutions, higher education institutions, health care sites, financial services, and wireless towers, etc.)

NPRM on USF and ICC

NPRM proposals would have substantial adverse impacts on South Dakota's rural carriers and customers

Impact of FCC Proposals?

- In 2010, High Cost USF to SDTA member LECs:
  - HCL –$29,169,700
  - ICLS –$25,758,588
  - LSS –$ 6,352,829
  - SNA –$ 2,398,551
  - SVS –$ 41,436
- Total ROR LEC High Cost Support – $63,721,104
- Total SD High Cost Support – $90,096,495

Impact of FCC Proposals?

- Presently, the SD rural ILECs receive, on average, 24% of their total regulated revenues from federal universal service support and 28% of total regulated revenues from inter-carrier compensation (including special access revenue)
- As of year-end, 2009 local service rates, including SLCs, averaged $21.14 (based on responses representing 83% of SDTA member company access lines)

Impact of FCC Proposals?

- If all near-term proposals for reforming high cost USF were adopted by FCC, an analysis of 11 of the rural cost company study areas in SD (representing 73,890 working loops) indicates that the average reduction in high cost funding to SDTA member company ILECs would be approx.. 20%
- This reduction would result in an average per access line, per month support loss of $10.53 cents (for some individual companies this amount would be significantly higher)

Impact of FCC Proposals?

- The FCC's ICC reform proposals, absent an offsetting rate "Restructure Mechanism" would substantially reduce total SD rural ILEC revenues
- Adoption of a "bill and keep" mechanism and the resulting total elimination of switched inter-carrier compensation would result in an estimated total revenue loss to SD rural ILEC group of over $37 million ($37,247,577) (reflects data from 23 of 25 SDTA members)
- This loss calculated on a per line basis would, on average, be approx.. $24.27 per line (for some individual companies this amount would be significantly higher)

Impact of FCC Proposals?

- SDTA supports proposals aimed at lowering originating and terminating intrastate switched access rates to interstate rate levels, coupled with an adequate federal "Restructure Mechanism"
- SDTA estimates that the total loss in intrastate access revenues resulting from any such action would be almost $13 million annually ($12,953,735)
- This amount calculated on a per line basis would, on average, be $8.44 per line, per month (for some individual companies this amount would be significantly higher)

"Rural Group" Alternative Proposals

- The Rural Group (NTCA, OPASTCO, WTA) plan, as modified by recently filed "Consensus Framework," proposes measured and reasonable alternative approaches
- These alternatives provide clear and predictable rules for recovery of future investment costs and at the same time help control the pace of funding growth and provide incentives for efficient investment
- Rural carriers which have made investments under current rules are under the Rural Group proposals given a reasonable opportunity to recover past regulated investments

"Rural Group" Proposals

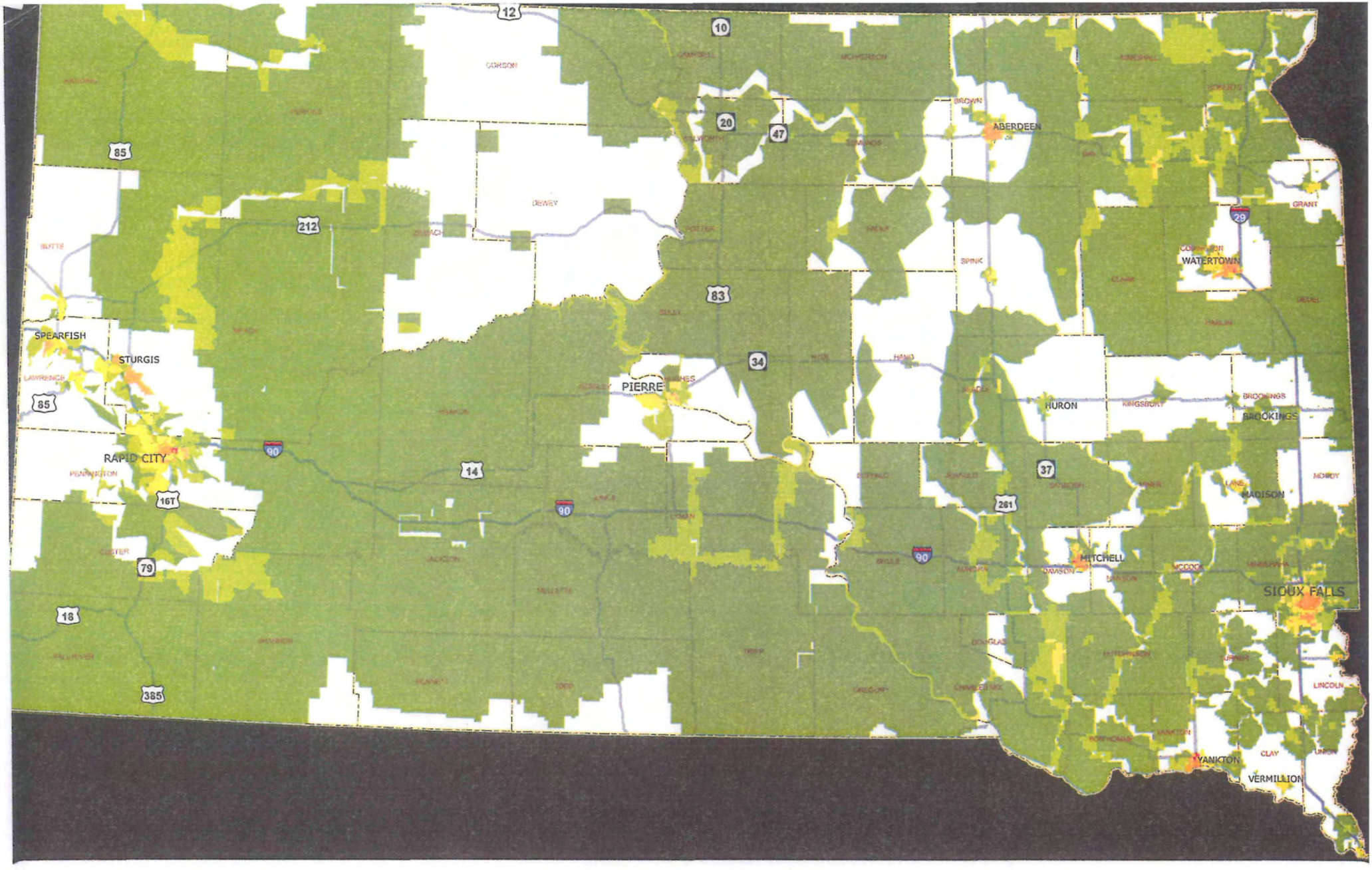
- Reflect substantial compromise:
  - Commitment to maintaining total high cost funding within a budgeted target amount of $4.5 billion (for at least 5 years)
  - Commitment to keep ROR ILECs total high cost fund at levels approximating current total (approx. $2 billion), with transition of up to an additional $300 million (after 6 years) for Restructure Mechanism (RM) support
  - Generally, any additional RM support needed would be derived from savings resulting from other high cost funding reforms

"Rural Group" Proposals

- "Consensus Framework" modifications do not address originating access charges
- ICC Reform proposals substantially rely on imposition of a local rate benchmark and SLC increases
- RM support would also be tied to an intrastate earnings test
- Broadband rate benchmark would be applied in Connect America Fund distribution formula

"Rural Group" Proposals

- Efficiency concerns addressed through:
  - Adjustment to rate of return percentage (lowered to 10%)
  - Application of corporate operations expense caps to other legacy support mechanisms (HCLS, LSS, and ICLS)
  - Application of a capital expenditure constraint designed to limit amount of annual capital investment that will be eligible for universal service support



Number of Wireline Providers

- 1
- 2
- 3
- 4
- 5

SOUTH DAKOTA BROADBAND SERVICE AREAS WIRELINE TECHNOLOGY

as of April 1, 2011

DISCLAIMER: This map was created under a National Telecommunications and Information Administration's State Broadband Data and Development grant awarded to the State o South Dakota as a representation of broadband availability. Although efforts to ensure utmost accuracy have been made, this map is not intended to be, nor should be used as, an authoritative source of available broadband service. The State of South Dakota, nor its contractors, make no warranty or guarantee as to the content, accuracy, timeliness, or completeness of the information provided herein.

Number of Mobile Wireless Providers

1
2
3
4
5

SOUTH DAKOTA
BROADBAND SERVICE AREAS
MOBILE WIRELESS TECHNOLOGY
as of April 1, 2011

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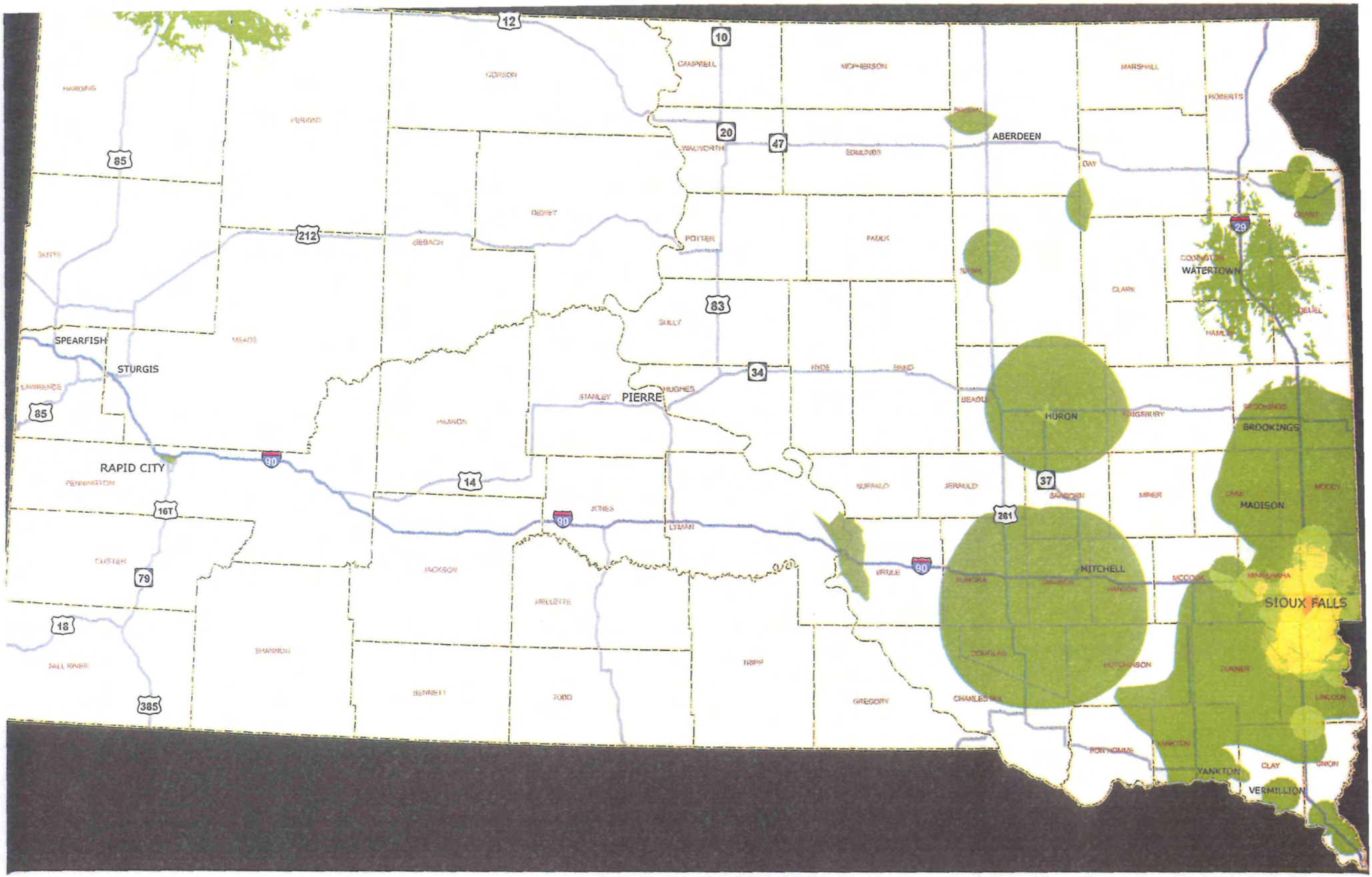

Number of Fixed Wireless Providers

- 1
- 2
- 3
- 4

SOUTH DAKOTA
BROADBAND SERVICE AREAS
FIXED WIRELESS TECHNOLOGY
as of April 1, 2011

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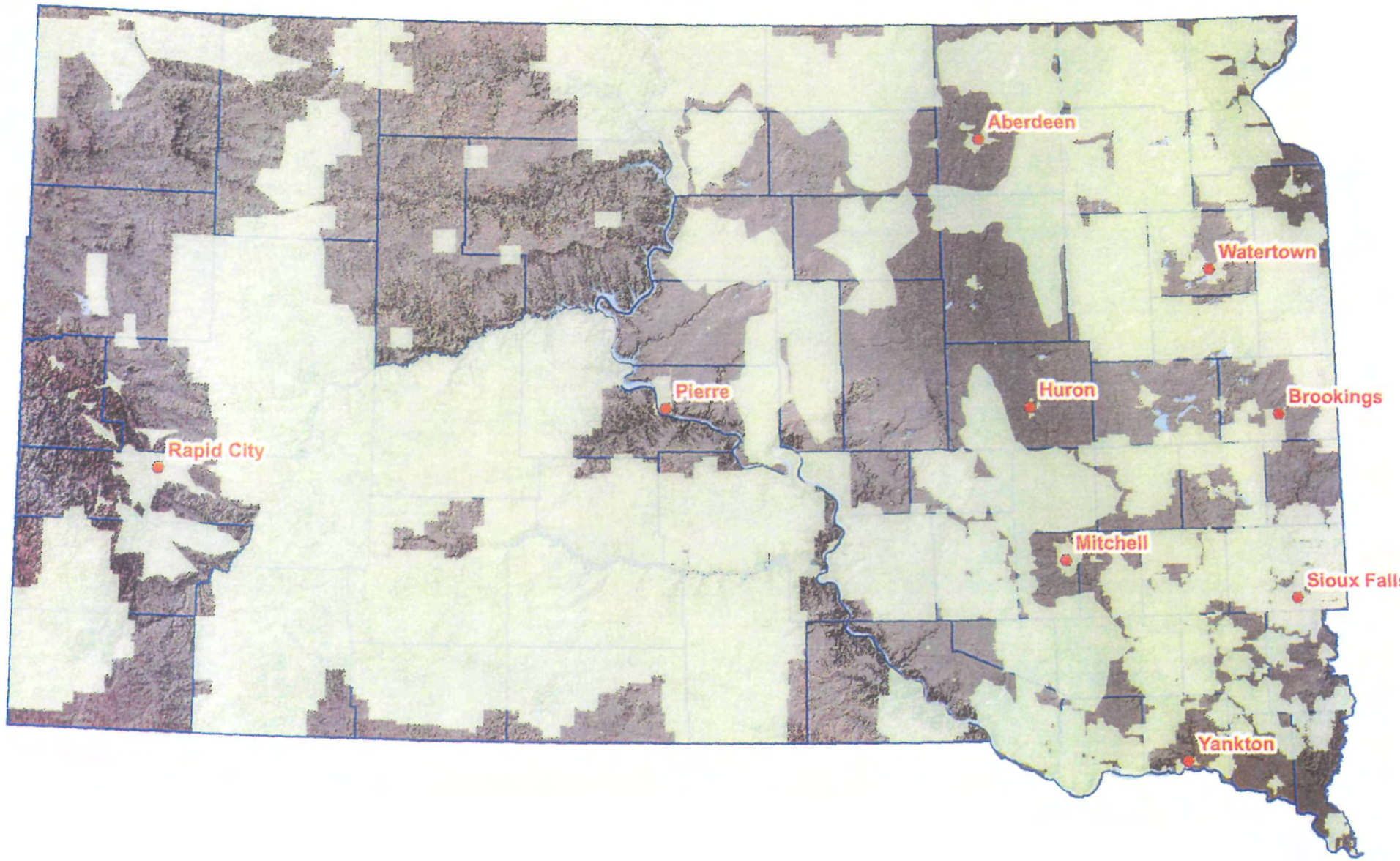

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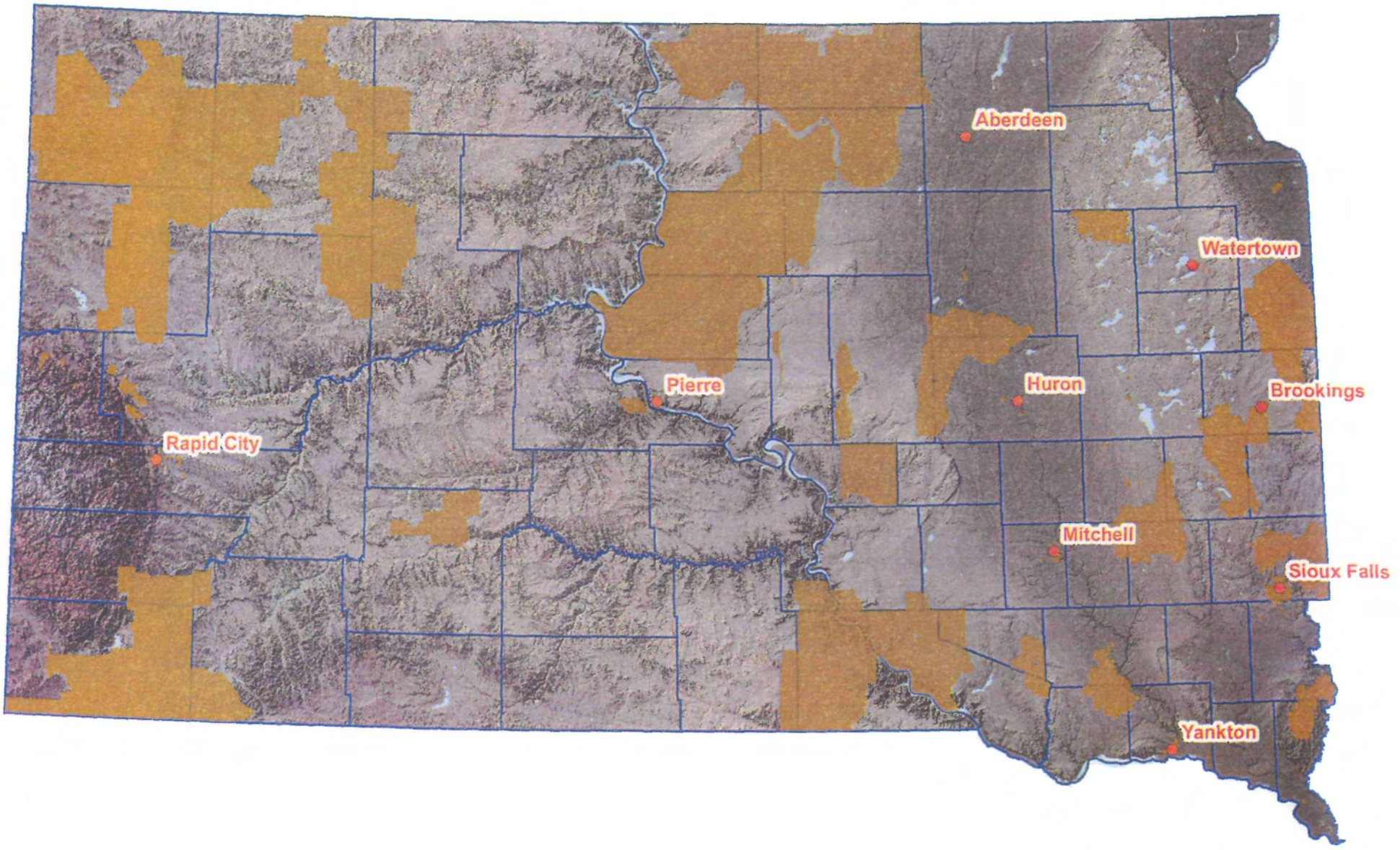
South Dakota Broadband
DSL

Data as of April 2011

N

DSL



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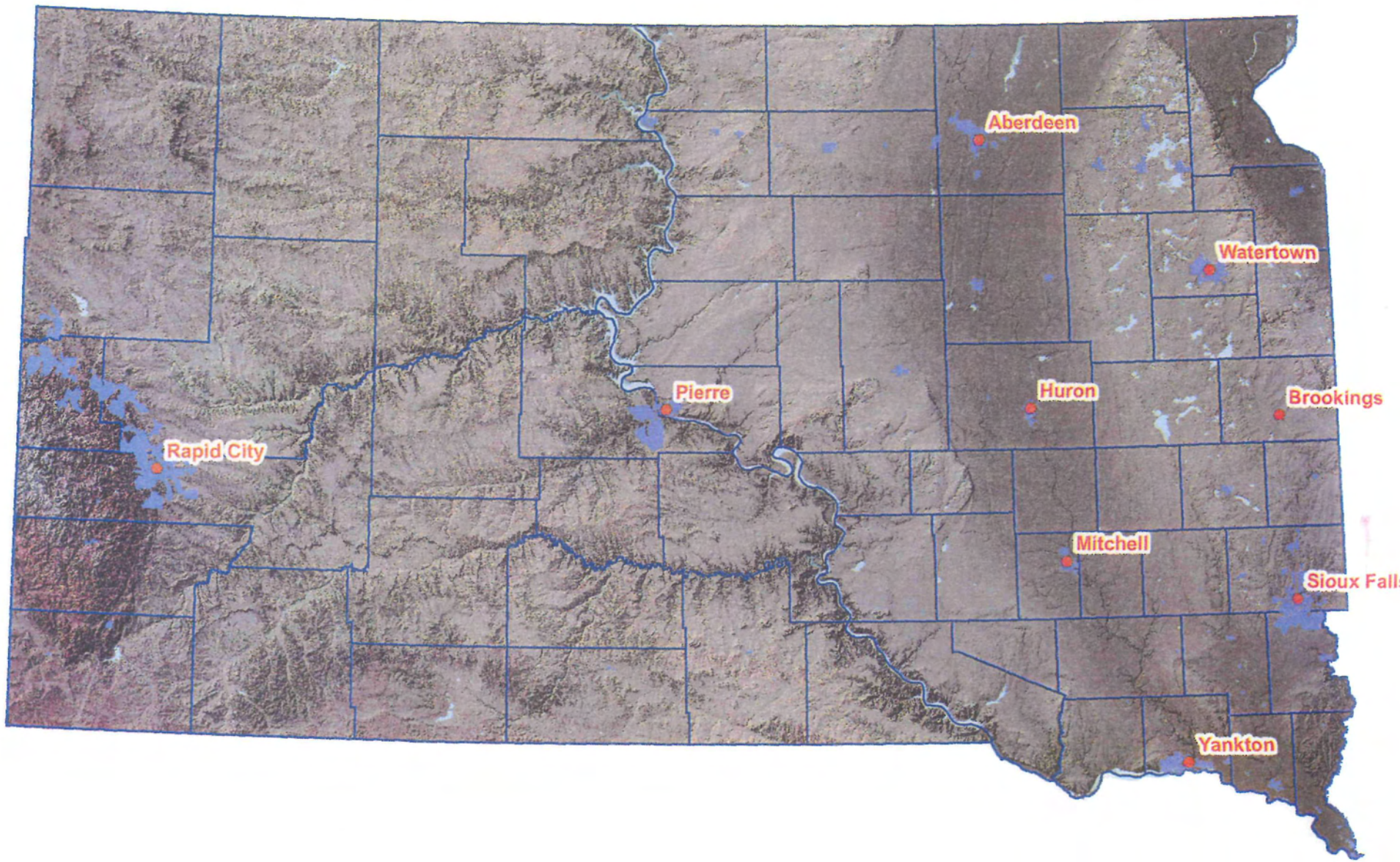
South Dakota Broadband
Fiber to the home

Data as of April 2011

N

Fiber to the home



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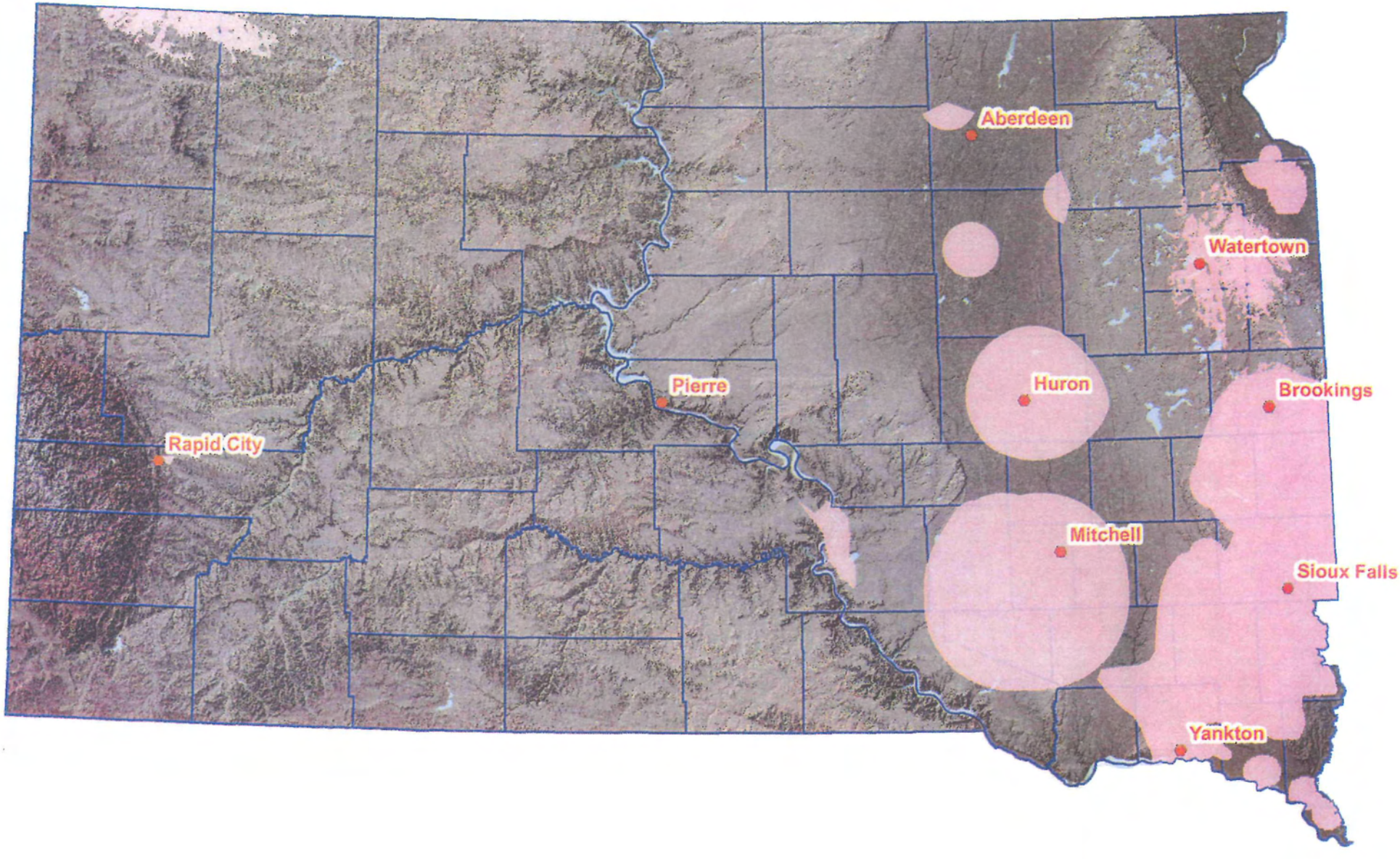
South Dakota Broadband Cable Modem

Data as of April 2011

N

Cable Modem



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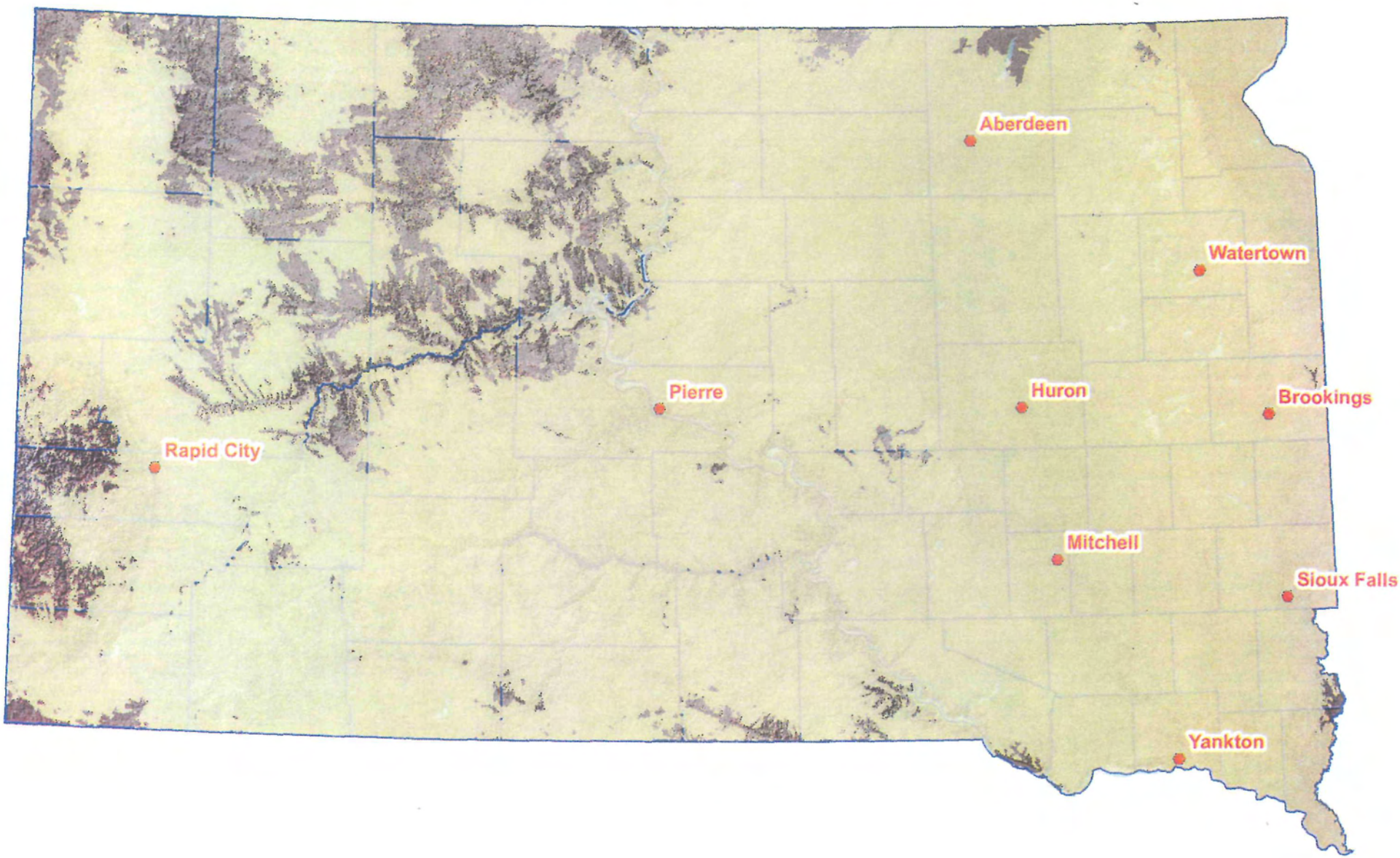
South Dakota Broadband Fixed Wireless

Data as of April 2011

N

Fixed Wireless



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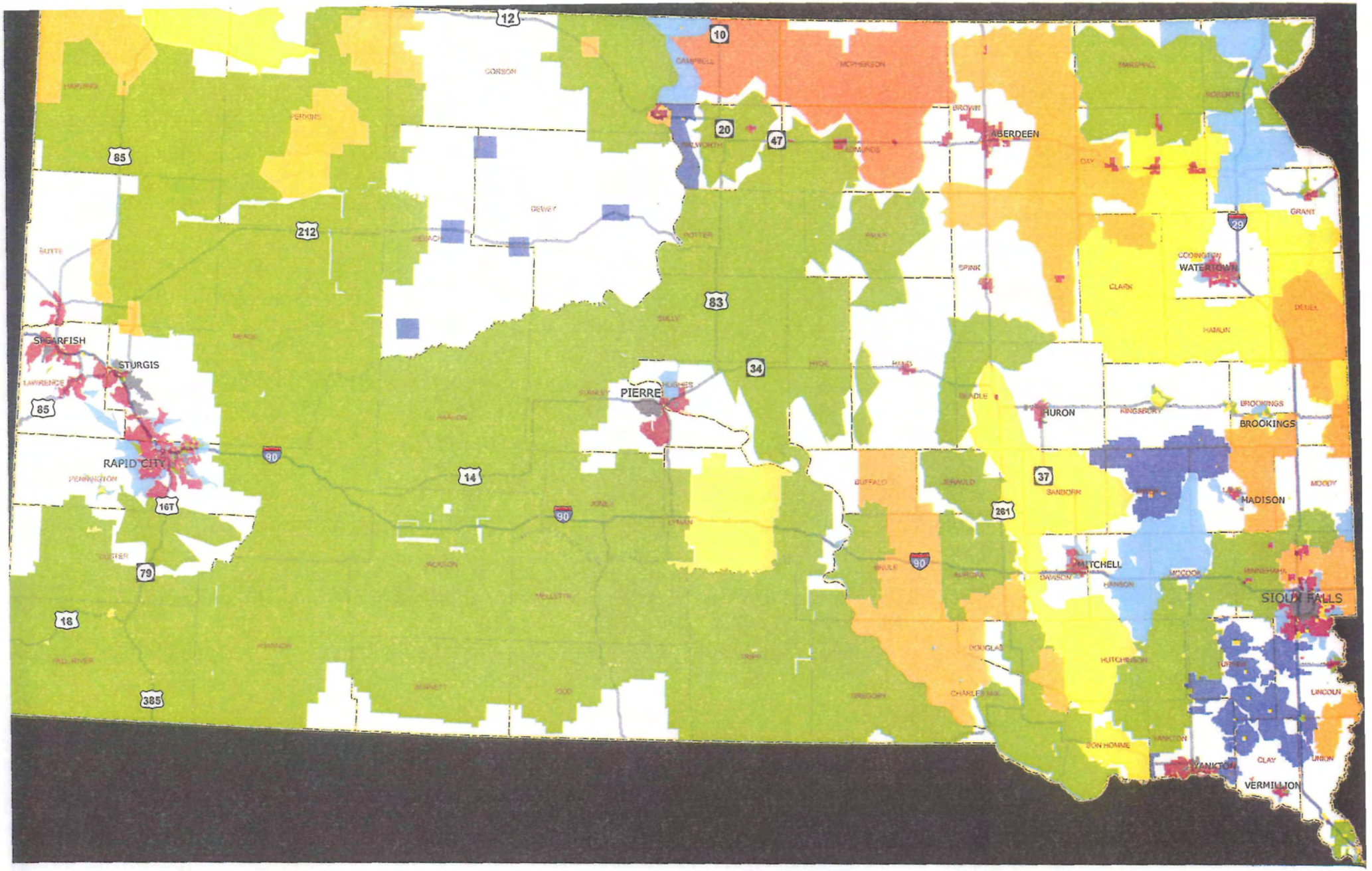
South Dakota Broadband Mobile Wireless

Data as of April 2011

N

Mobile Wireless



Maximum Advertised Speed Tier for Wireline Providers

- >= 768 Kbps and < 1.5 Mbps
- >= 1.5 Mbps and < 3 Mbps
- >= 3 Mbps and < 6 Mbps
- >= 10 Mbps and < 25 Mbps
- >= 25 Mbps and < 50 Mbps
- >= 50 Mbps and < 100 Mbps

SOUTH DAKOTA BROADBAND SERVICE AREAS WIRELINE TECHNOLOGY as of April 1, 2011

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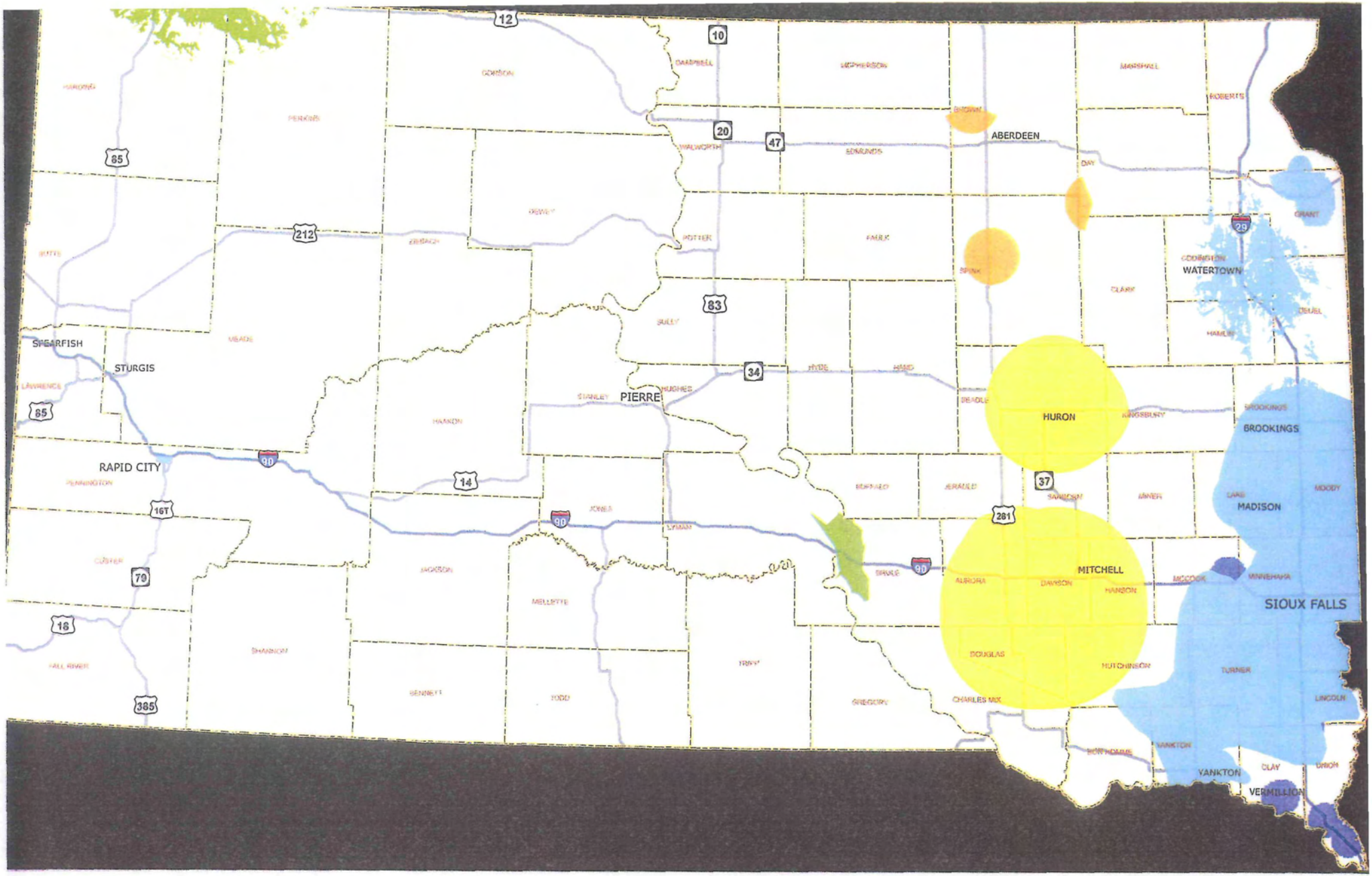

laximum Advertised Speed Tier
or Fixed Wireless Providers

- >= 768 Kbps and < 1.5 Mbps
- >= 1.5 Mbps and < 3 Mbps
- >= 3 Mbps and < 6 Mbps
- >= 10 Mbps and < 25 Mbps

SOUTH DAKOTA
BROADBAND SERVICE AREAS
FIXED WIRELESS TECHNOLOGY
as of April 1, 2011

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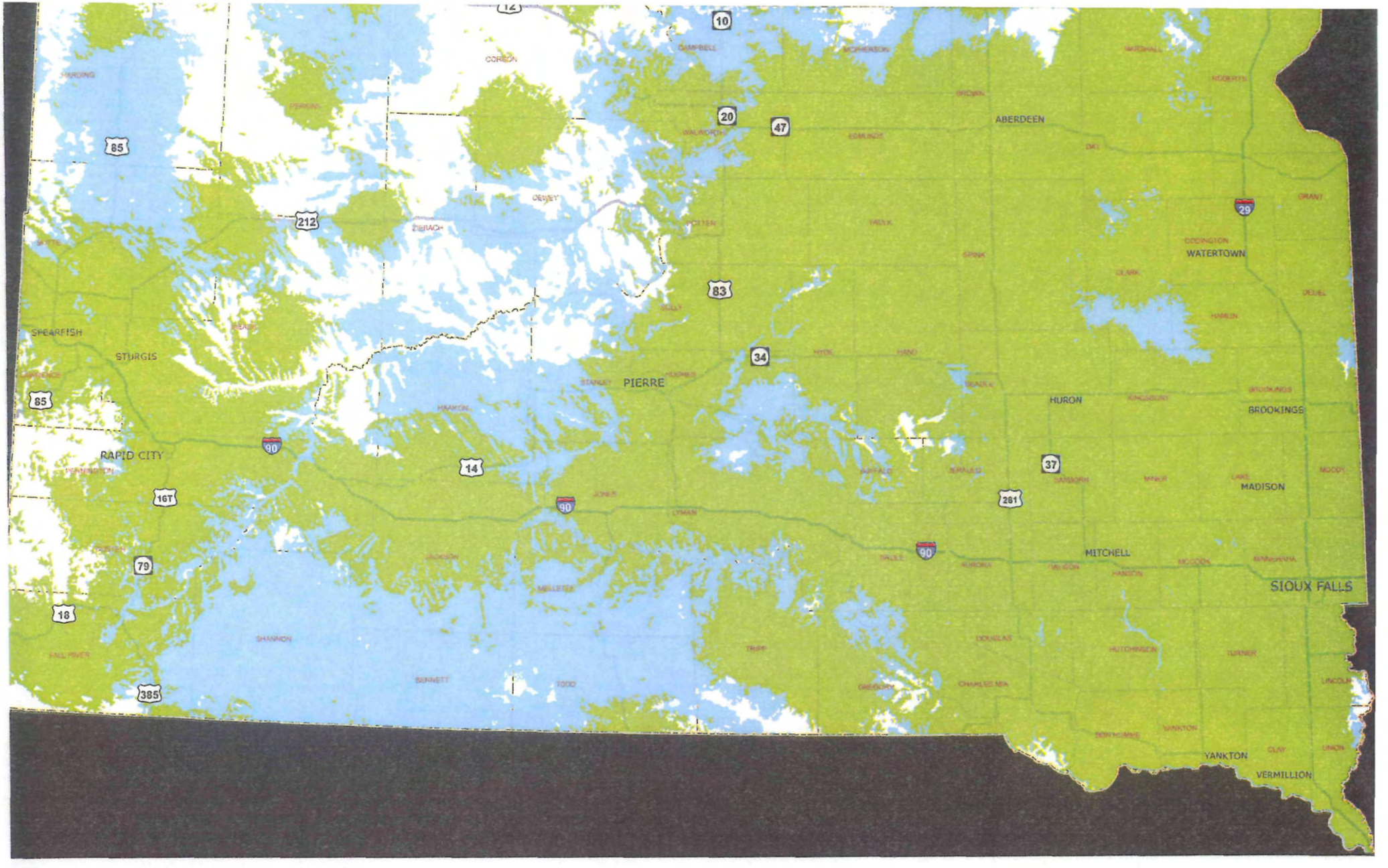

Maximum Advertised Speed Tier for Mobile Wireless Providers

- >= 1.5 Mbps and < 3 Mbps
- >= 3 Mbps and < 6 Mbps
- >= 6 Mbps and < 10 Mbps

SOUTH DAKOTA BROADBAND SERVICE AREAS MOBILE WIRELESS TECHNOLOGY as of April 1, 2011

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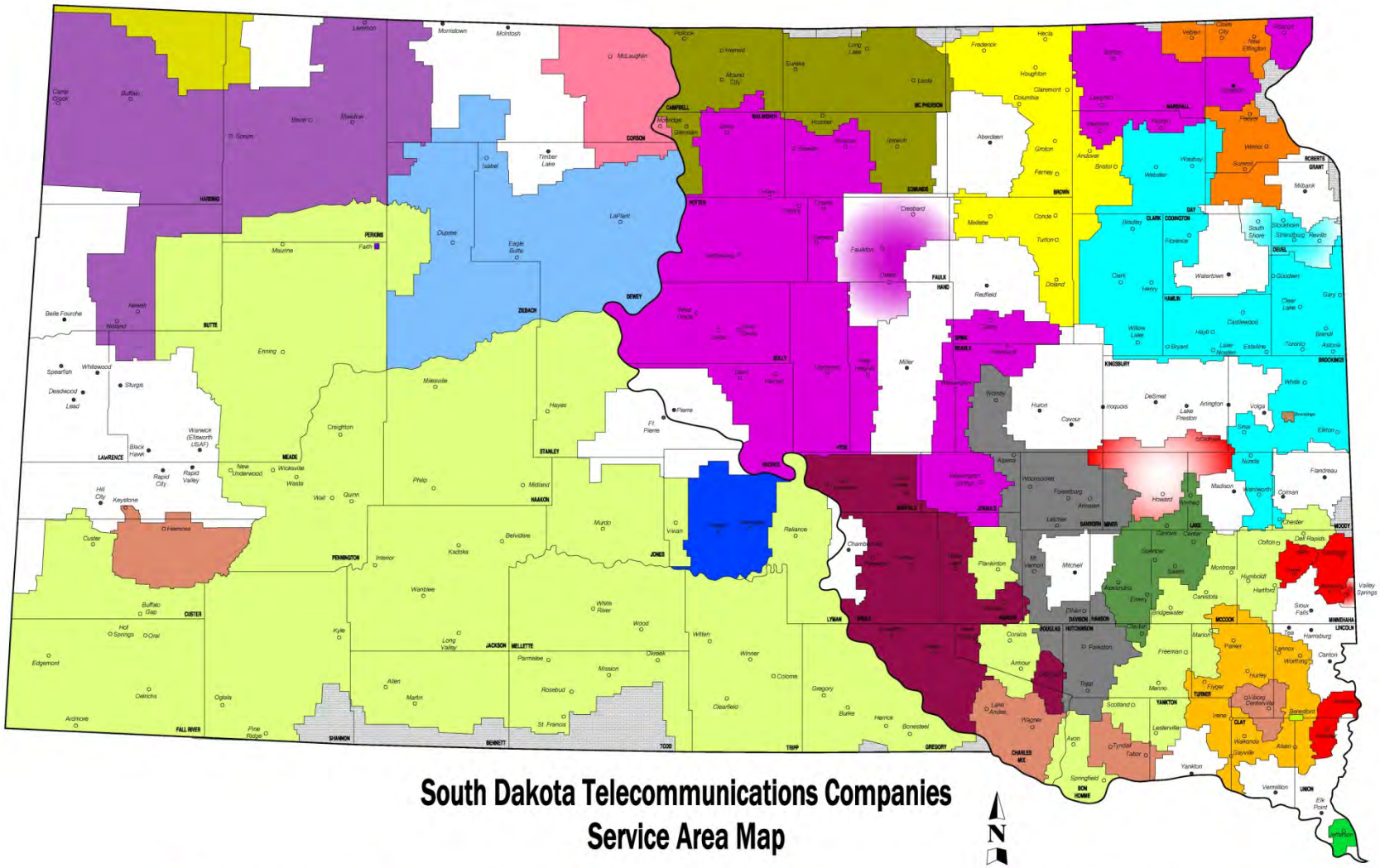


South Dakota Telecommunications Companies
Service Area Map

N

- Alliance Communications Cooperative, Inc.
  - Hills Telephone
  - Splitrock Properties
- Beresford Municipal Telephone Company
- Cheyenne River Sioux Tribe Telephone Authority
- Consolidated Telephone Company
- Faith Municipal Telephone Company
- Fort Randall /Mt. Rushmore Telephone Company
- Golden West Telecommunications
- Interstate Telecommunications Cooperative, Inc.
  - Stockholm-Strandburg Telephone Co.
- James Valley Telecommunications
- Kennebec Telephone Company, Inc.
- Knology Community Telephone
- Long Lines
- Midstate Communications
- Roberts Co. Telephone Cooperative / RC Comm.
- Santel Communications Cooperative
- Swiftel Communications
- TrioTel Communications, Inc.
- Valley Telecommunications Cooperative
- Venture Communications Cooperative
  - Western Telephone Company
- West River Cooperative Telephone Company
- West River Telecommunications Cooperative

Nonmember Telecommunications Companies

- CenturyLink
- Other Companies

Published
2011

Map Services Provided By:
Vantage Point

SDTA
South Dakota Telecommunications Association

SDATC
South Dakota Association of Telephone Cooperatives

SDN Communications

SOUTH DAKOTA'S ILEC OWNED NETWORK

SDN Communications

- SDN's ownership
  - 12 Cooperative Companies
  - 3 Municipal
  - 1 Tribal
  - 1 Family owned
- 80% of South Dakota's land mass
  - Communities of 20 to 20,000 citizens
  - Most under 2,000 citizens
- Advanced networking is key to many aspects of everyday life

SDN Communications

- Health care sites - 190
  - Hospitals
  - Clinics
  - Access to collaborative care
  - Less travel – lower costs to family
- Financial services (banks, credit unions) – 338
  - Access to out of market capital
- Wireless towers – 350+
  - Many are served, wire line is integral to wireless delivery

Public K-12 Education

- SDN provides connectivity for 147 of total of 154 K12 School Districts –
  - Uses Include:
    - Internet access
    - Distance Learning (video conferencing)
    - Student Management (grades, attendance)
    - Online course management
    - E-mail & calendaring
    - Online content (school web sites/pages)
    - Stream school events (sports)
    - Remote support of I/T infrastructure (pc's, patches, updates)
    - Sharepoint (Web 2.0 collaboration)
    - School security (cameras)
- Bandwidth (speeds) varies from Frame Relay (1.54 Mbps) to 3 X Gig/E (3000 Mbps)
- Nearly 200 schools migrated in summer of 2011 from NxT1 to FastE interfaces

County Government

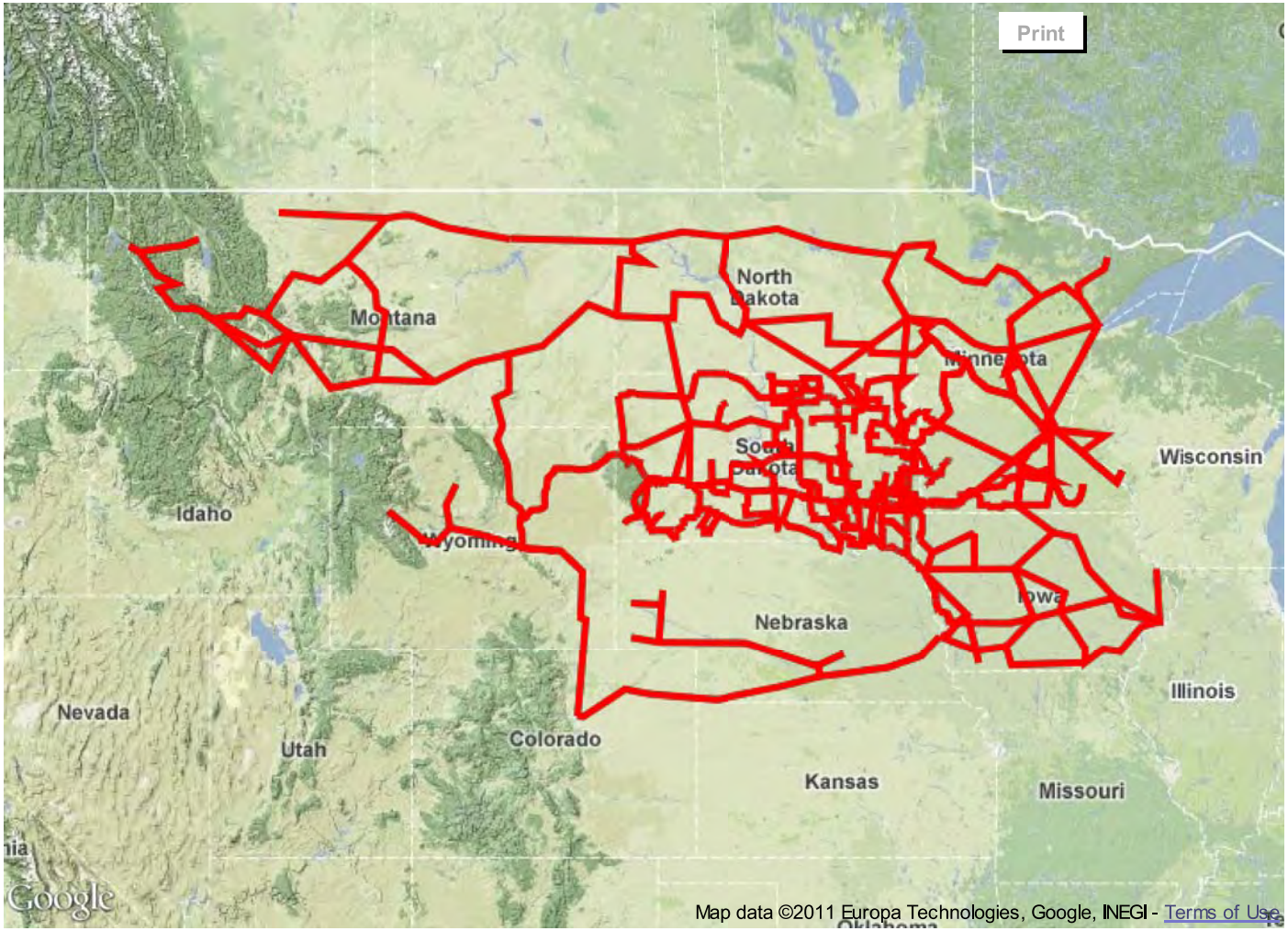
- 44 of 64 counties connectivity supplied by SDN
  - T-1 (1.54 Mbps) to GIG/E (1000 Mbps) speeds
  - Used for the following:
    - Motor Vehicle Registration
    - Voting Registration
    - Vital Records (Register of Deeds
    - State Radio Law Enforcement (Sheriff)
    - LiveScan (Division of Criminal Investigation fingerprints)
    - County Health Nurses
    - Remote support of I/T infrastructure (pc's, patches, updates)
    - UJS: Case Management
    - UJS: Video Conferencing
    - UJS: Backup / Restore

Public Higher Education

- REED network has the following:
  - Number of Campuses -7
    - NSU -- Aberdeen
    - SDSU -- Brookings
    - DSU -- Madison
    - University Center – Sioux Falls
    - USD – Vermillion
    - SDSMT -- Rapid City
    - BHSU -- Spearfish
    - University Center – Rapid City
  - Number of Research Facilities - 2
    - EROS
    - Sanford Lab at Homestake
  - Number of admin locations -1
    - Pierre SD
  - Number of hubs to aggregate traffic (not on a campus) –2
    - Sioux Falls
    - Rapid City
  - Number of out-of-state connection points(Internet2) -2
    - Multiple 10G connections to Kansas City via University of Nebraska interface at Bellevue NE “”Great Plains”.
    - Fourth quarter 2011 – fiber hand off to Northern Tier via connection in Aberdeen

Law Enforcement/State Radio

- State Radio Public Safety Radio system
  - Used by State / local / Federal law enforcement; State DOT; State GFP and many local agencies statewide.
  - All Private line facility representing 100% of the network
    - These ride the state wide SDN and member network.
  - In addition there are Frame Relay and Ethernet circuits for data connections to larger police departments; security locations; and other non-state law enforcement.


Print
North Dakota
Montana
Minnesota
South Dakota
Wisconsin
Idaho
Wyoming
Iowa
Nebraska
Illinois
Nevada
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